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COUNTY OF ERIE

MARK C. POLONCARZ
COUNTY EXECUTIVE

June 5, 2012

Erie County Legislature
92 Franklin Street – 4th Floor
Buffalo, New York 14202

RE: Payment in Lieu of Taxes (PILOT) Agreement for True Bethel Townhomes – Affordable Housing Development

Dear Honorable Members:

Enclosed please find a proposed resolution and accompanying memorandum regarding a Payment in Lieu of Taxes (PILOT) agreement for True Bethel Townhomes. The resolution authorizes the County Executive to execute an agreement with True Bethel Townhomes, L.P and the City of Buffalo.

Should your honorable body require any further information, I encourage you to contact Diane Cadle at the Department of Environment and Planning. Thank you for your consideration on this matter.

Sincerely,

Mark C. Poloncarz, Esq.
Erie County Executive

MCP/vb
Enclosure

cc: Diane Cadle

MEMORANDUM

To: Honorable Members of the Erie County Legislature
From: Department of Environment and Planning
Re: Payment In Lieu Of Taxes (PILOT) Agreement For True Bethel Townhomes – Affordable Housing Development
Date: May 24, 2012

SUMMARY

It is recommended that the Erie County Legislature approve the attached resolution authorizing the County Executive to enter into a PILOT Agreement with True Bethel Townhomes, L.P. and the City of Buffalo. The PILOT payments are based on the PILOT policy that was adopted by the Erie County Legislature on December 16, 1999.

FISCAL IMPLICATIONS

In accordance with the PILOT policy, the proposed PILOT payments would be based on a payment of $6,570.27 and would escalate by 3% each year for a fifteen year term. The County would receive twenty-five percent (25%) of each annual payment, and the City of Buffalo would receive seventy-five percent (75%) of each annual payment. The attached payment schedule lists the complete payments over the fifteen years of the Agreement.

REASON FOR RECOMMENDATION

The City of Buffalo supports the project and on May 1, 2012 the Common Council of the City passed a resolution approving a PILOT for True Bethel Townhomes. The project conforms with the provisions of Article XI of the New York Private Housing Finance Law.

BACKGROUND INFORMATION

True Bethel Townhomes will be a new construction family rental project consisting of 4 multi-family residential buildings and a community building at 858 East Ferry Street, Buffalo, New York. The project will consist of thirty (30) residential units, ten (10) two-bedroom units, fourteen (14) three-bedroom units and six (6) four-bedroom units. The housing will be affordable for households with incomes at or below 60% of the area median income.

CONSEQUENCES OF NEGATIVE ACTION

Without the PILOT, it would not be economically feasible for True Bethel Townhomes, L.P. to operate the project.

STEPS FOLLOWING APPROVAL

The County Executive will enter into a PILOT agreement with the noted parties.

A RESOLUTION SUBMITTED BY:
DEPARTMENT OF ENVIRONMENT AND PLANNING

RE: Payment in Lieu of Taxes (PILOT)
Agreement for True Bethel Townhomes –
Affordable Housing Development

WHEREAS, True Bethel Townhomes, L.P. is developing housing for low and very low income households (Project), pursuant to Article XI of the New York Private Housing Finance; and

WHEREAS, the Project will be a new construction multi-family housing development located at 858 East Ferry Street in the City of Buffalo, New York, and will contain thirty (30) rehabilitated housing units, ten (10) two-bedroom units, fourteen (14) three-bedroom units and six (6) four-bedroom units. The housing units will be affordable to households with income at or below 60% of the median income for Erie County; and

WHEREAS, the Erie County Legislature adopted a policy on Payment in Lieu of Taxes (PILOT) on December 16, 1999, and this PILOT is consistent with said policy; and

WHEREAS, in order to make the Project economically feasible for True Bethel Townhomes, L.P. to operate the apartment complex it is necessary to obtain tax relief from the County of Erie and the City of Buffalo.

NOW, THEREFORE, BE IT

RESOLVED, that the County Executive is hereby authorized to execute a Payment in Lieu of Taxes (PILOT) Agreement with True Bethel Townhomes, L.P. and the City of Buffalo relating to the True Bethel Townhomes and all other agreements necessary to conclude this Project; and be it further

RESOLVED, that at least 60% of the units remain affordable to and occupied by households earning no greater than 50% of the area median income, adjusted for family size, as determined by the Department of Housing and Urban Development for the period of the Agreement, and be it further

RESOLVED, that said Agreement shall include an annual PILOT in the amount of taxes due as set forth on Schedule A attached hereto. Payment under the Agreement will be for fifteen (15) years with the County share of each annual payment being twenty-five (25) percent of the total amount; and be it further

RESOLVED, that certified copies of this resolution shall be forwarded to the County Executive; the Director of the Division of Budget and Management; the Director of Real Property Tax Services; the Commissioner of the Department of Environment and Planning; the County Comptroller; and the County Attorney.

Schedule A

PILOT for True Bethel Townhomes – Affordable Housing Development

	PILOT	City	County
Year 1	$6,570.27	$4,927.70	$1642.56
Year 2	$6,767.38	$5,075.53	$1691.84
Year 3	$6,970.40	$5228.00	$1742.60
Year 4	$7,179.51	$5384.63	$1794.87
Year 5	$7,394.90	$5546.17	$1848.72
Year 6	$7,616.74	$5757.55	$1904.18
Year 7	$7,845.25	$5883.93	$1961.31
Year 8	$8,080.60	$6060.45	$2020.15
Year 9	$8,323.02	$6242.26	$2080.75
Year 10	$8,572.71	$6429.53	$2143.17
Year 11	$8,829.89	$6622.41	$2207.47
Year 12	$9,094.79	$6821.09	$2273.69
Year 13	$9,367.63	$7025.72	$2341.90
Year 14	$9,648.66	$7236.49	$2412.16
Year 15	$9,938.12	$7453.59	$2484.53